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Selected Speeches and News Releases

April 6 - April 13, 1989

IN THIS ISSUE:

Statement—

Prepared for delivery by Secretary of Agriculture Clayton Yeutter,
Washington, D.C., April 10.

News Releases—

USDA Announces Prevailing World Market Price for Upland Cotton

USDA Releases Discount and Premium Schedules for 1989-Crop Cotton

Compound Rids Chicken Houses of Insulation Pest

Yeast Found in Insect Pest Detoxifies Pesticides and Natural Toxins

USDA Announces Compliance Figures for 1988 Acreage Reduction
Program

Loan Gain Payments to be Offered Under 1989 Rice Program

USDA, Biotech Firm to Develop Compound to Get Pigs to Eat More

65,000 Volunteers Help Get the Work Done in National Forests

USDA Announces Prevailing World Market Rice Prices

Statement

U.S. Department of Agriculture • Office of Information

Prepared for delivery by Secretary of Agriculture Clayton Yeutter, Washington, D.C., April 10.

I am very pleased with the outcome of the General Agreement on Tariffs and Trade (GATT) agricultural negotiations held in Geneva last week. The nations of the GATT reconfirmed that long-term agricultural reform is in the best interest of farmers, consumers and taxpayers worldwide, and made a concrete step toward that eventual goal.

Last week's Geneva meeting successfully keeps the four-year Uruguay Round on track while maintaining adequate flexibility for the final 20 months of negotiations. There was a cooperative spirit present throughout the talks and I am hopeful we can continue in that vein.

The United States will continue to aggressively seek elimination of trade-distorting measures. The long-term component of the negotiation will indeed be an arduous exercise, but it is an effort that is long overdue.

The Uruguay Round is an opportunity to finally achieve much needed disciplines in the way agricultural trade is conducted. We must take advantage of this rare opportunity.

AGRICULTURE MID-TERM GATT REVIEW -Q's & A's

Long-Term Elements

Q: What did we have to give up in these negotiations? What have we gained since Punta del Este?

A: What we got is a road map and an agreement to negotiate new rules to govern agricultural trade. With this agreement the detailed negotiations on the shape of long term reform will begin.

Q: The word "elimination" is not in the text. Has the U.S. given up on the goal of eliminating agricultural subsidies?

A: No, the U.S. objective for these negotiations has not changed. We are seeking the fundamental long term reform of the agricultural trading system. Our goal has always been the elimination of trade distorting policies and practices and the language in this text still allows us to

accomplish this goal. We believe that it is difficult to “correct and prevent distortions” as this agreement calls for without eliminating the policies that cause them.

Q: Does the long-term language on market access (para. 7) cover the EC’s variable levy? The U.S. waiver?

A: All measures affecting market access (including variable levies and Section 22) are on the negotiating table.

Q: The text does not mention “rebalancing.” Did the EC give up on this demand?

A: The intent of all such GATT negotiations is to decrease protection, not increase it. Therefore, we refused to include in this text any reference to “rebalancing” or “adjustment of protection”, language which the EC had wanted to include. The EC had no support for including this concept in the text among members of the TNC. However, we fully expect the EC to submit proposals in this area under the work program. Indeed, anyone is free to submit proposals for consideration, but we don’t think “rebalancing” will be any more palatable in the future than it was in these talks.

Q: What are the implications of this agreement for the 1991 Farm Bill?

A: This agreement simply lays out the road map for the agriculture negotiations over the next 20 months. It’s relationship to the 1990 Farm Bill will depend on the final outcome on the negotiations. Any final agreement must be reviewed by Congress, and any changes in legislation that may be required by the long-term reforms would be the work of the Congress. We intend to consult fully with Congress and the private sector during the negotiating process.

Q: With hearings scheduled to begin soon, how will this agreement affect the process of preparing the Farm Bill?

A: It is our intent to continue to work closely with Congress and to coordinate our efforts.

Q: Does the language on food security mean Japan will not have to make any concessions on rice?

A: No. The agreement simply recognizes that food security is a concern of all countries, importers and exporters.

Q: How would “tariffication” lead to an increase in market access?

- A: The concept is simple: non-tariff measures, such as quotas and variable levies, will be converted to tariffs. Tariffs are the preferred method of import protection under the GATT and are, in general, less restrictive than non-tariff barriers. Converting non-tariff measures to tariffs will bring agriculture more fully under GATT rules and disciplines. After tariffication we intend to push for substantial reductions in tariff levels and the eventual elimination of protection in the agriculture sector.
- Q: How do you plan to ensure that the interests of our cotton producers are safeguarded under this agreement, since our principle export competitor, China, is not a GATT Contracting Party?
- A: It's premature to speculate on what the ultimate outcome of the next 20 months' work program and negotiation in agriculture will be at this point in time, and how the rules and disciplines will apply to developing countries. China has been participating in the discussions even though the terms of its accession to the GATT have not yet been fully negotiated.
- Q: Does this agreement cover fish and forest products?
- A: The agreement does not exclude any product or commodity. From our point of view fish and forest products are part of the agricultural negotiation. However, product coverage will be part of the negotiation process.
- Q: How does the section on sanitary and phytosanitary barriers affect the current hormone dispute with the EC.
- A: This is a framework to govern negotiations on the particular elements over the next 20 months. As such it has no direct bearing on the present hormone dispute. Hopefully, the negotiated outcome of this element of the framework will allow us to deal with these kinds of problems in a less contentious manner in the future.
- Q: Explain the credit provision that is included in the text.
- A: Many contracting parties, including the U.S., feel that they have taken positive actions which contribute to long-term agricultural reform. They don't want to be penalized because they started earlier. Giving credit for positive actions taken since Punta del Este in the implementation of the long-term reform program is a way of recognizing these efforts and not discouraging continued actions in the

right direction. We believe our positive contributions far exceed those of the EC.

Q: Is it realistic to call for implementation in 1991? How can you do that before the Congress has a chance to examine an agreement and develop legislation?

A: Obviously, any agreement we may reach must be submitted to Congress for approval, and Congress will draw up the implementing legislation. Paragraph 12 of the agreement recognizes that such national procedures must be respected. If the agreement is finalized in late 1990 as we expect, it will be presented to Congress in early 1991.

Short-Term Elements

Q: What are we committed to do in the short-term?

A: In a general way, we are committed not to increase support and protection. Specifically, we are committed not to intensify market access barriers or raise support prices to producers, subject to the condition that the commitment be consistent with existing legislation.

Our assessment is that this will not require us to do anything differently from what we are now doing. For 1990, our 1985 farm legislation requires cuts in some support prices.

Q: If we and others are not going to bear any pain in the short-term why have a short-term commitment?

A: It's a best efforts attempt to stop the proliferation and intensification of trade distorting subsidies and protection. In other words, it's a political commitment to prevent worsening of agricultural trade distorting policies while we are negotiating the long-term reform program. As you know, we have never put a very high priority on short-term measures. However, several of our trading partners, especially certain members of the Cairns Group, viewed them as essential. We therefore agreed to participate and worked to make it a balanced package that will affect us and our trading partners equally.

Q: How will the short-term commitments affect the setting of the sugar quota?

A: The agreement stipulates that participants are bound by short-term commitments "with in the scope of existing legislation." The

operation of the sugar program, including the fixing of the import quotas, will not be restricted by the short-term commitments.

Q: Did the U.S. make any commitment on acreage reduction programs?

A: No. We were able to convince our negotiating partners that it was unwise to bind our hands on this issue at a time when stocks are at such a low level. Food importing countries also opposed commitments on supply control.

Q: Will spending under the Export Enhancement Program and other export programs be frozen?

A: No. Export subsidization is included as a part of a broad commitment not to exceed current levels of “domestic and export support and protection”. There is no specific commitment on the level of expenditure for the EEP or any other export program.

Q: Does the agreement of short-term measures limit the discretion of the Secretary of Agriculture on marketing loans?

A: No.

Q: How does the rollback language under the short-term elements differ from the standstill and rollback agreement from Punta del Este? Will it work any better?

A: The short-term measures part of the package is a political commitment, as is standstill and rollback. Unlike standstill and rollback, there is more specificity in this commitment, especially on import access and support prices.

Q: Why did we agree to let short-term commitments be expressed in AMS terms? Doesn't this make them meaningless?

A: The aggregate measure of support (AMS) is a method of measuring the level of income support that different agricultural policies provide to farmers. It allows us to make a rough comparison between levels of support and protection for one country to another. Since the short-term rollback commitment is not specific and participants have flexibility in how they meet the commitment, one way of providing flexibility was to allow participants to take a combination of policy actions which would result in an overall reduction in support and protection as measured by an aggregate measure of support. Countries will have to take specific policy actions in order to bring about a reduction in their AMS level.

Q: Doesn't the "exceptional circumstances" clause (para. 18) render the short-term agreements meaningless?

A: No. But it does allow countries to apply for an exception in the case of circumstances such as drought.

Q: Do the short-term commitments on market access restrict our ability to use Section 301? Does it prohibit us from using retaliation in the hormone dispute?

A: No. We have said since the beginning of the Uruguay Round that we would not suspend our right to defend ourselves against unfair trade practices during the course of the negotiations.

Q: In light of this framework agreement, do you have any plans for self-initiating 301 action on Japan's rice import restrictions?

A: We have always maintained that Japanese rice is a subject for the Uruguay Round. As long as Japan continues to be cooperative in the negotiations, we will stick to that approach.

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News Releases

U.S. Department of Agriculture • Office of Information

USDA ANNOUNCES PREVAILING WORLD MARKET PRICE FOR UPLAND COTTON

WASHINGTON, Apr. 6—Acting Under Secretary of Agriculture Richard W. Goldberg today announced the prevailing world market price, adjusted to U.S. quality and location (adjusted world price), for Strict Low Middling (SLM) 1-1/16 inch (micronaire 3.5-4.9) upland cotton (base quality) and the coarse count adjustment in effect from 12:01 a.m. Friday, Apr. 7, through midnight Thursday, Apr. 13.

Since the adjusted world price (AWP) is above the 1987 crop and 1988 crop base quality loan rates of 52.25 and 51.80 cents per pound, respectively, the loan repayment rate for 1987 crop and 1988 crop upland cotton during this period is equal to the respective loan rates for the specific quality and location.

Because the loan repayment rate for 1988 crop upland cotton in effect during this period is above the established loan rate, loan deficiency payments are not available for 1988 crop upland cotton sold during this period.

The AWP will continue to be used to determine the value of upland cotton that is obtained in exchange for commodity certificates.

Based on data for the week ending Apr. 6, the AWP for upland cotton and the coarse count adjustment are determined as follows:

Adjusted World Price	
Northern Europe Price	70.77
Adjustments:	
Average U.S. spot market location	12.03
SLM 1-1/16 inch cotton	2.00
Average U.S. location	0.42
Sum of Adjustments	<u>-14.45</u>
ADJUSTED WORLD PRICE	56.32 cents/lb.
Coarse Count Adjustment	
Northern Europe Price	70.77
Northern Europe Coarse Count Price	<u>-64.76</u>
	6.01
Adjustment to SLM 1-inch cotton	<u>-4.15</u>
COARSE COUNT ADJUSTMENT	1.86 cents/lb.

The next AWP and coarse count adjustment announcement will be made on Apr. 13.

Charles Cunningham (202) 447-7954

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USDA RELEASES DISCOUNT AND PREMIUM SCHEDULES FOR 1989-CROP COTTON

WASHINGTON, April 7—The U.S. Department of Agriculture today released the discount and premium schedules and the associated schedule of loan rates for the 1989-crops of upland and extra long staple (ELS) cotton.

The schedules set the discounts and premiums used by the Commodity Credit Corporation to calculate the price support loans made to eligible cotton producers, based on the quality of cotton offered as loan collateral.

The schedules will be used to adjust basic loan rates of 50 cents per pound for the base grade of upland cotton and 81.77 cents per pound for ELS cotton.

According to CCC Acting Executive Vice President Vern Neppl, the same procedures were used to develop the 1988 schedules.

Neppl said that loan rates for the base grade of upland cotton at each approved warehouse location will be issued at a later date.

For copies of the tables of differentials, premiums and discounts for upland cotton, and schedule of loan rates for individual qualities of 1989 ELS cotton, write to: Cotton, Grains and Rice Division, USDA-ASCS, Box 2415, Washington, D.C. 20013; or call telephone (202) 447-3677.

Bruce Merkle (202) 447-6787

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COMPOUND RIDS CHICKEN HOUSES OF INSULATION PEST

WASHINGTON, April 7—A compound to control cattle and swine parasites can be put into chicken feed to halt a mealworm that wrecks the insulation in modern poultry houses, a U.S. Department of Agriculture researcher has found.

“Just two parts per million of ivermectin killed nearly 100 percent of lesser mealworms and their adult form, the darkling beetle, in five-week tests involving 600 broiler chickens,” said animal scientist Richard W. Miller of USDA’s Agricultural Research Service.

“So far, we have found no residues in the chickens’ livers, so there shouldn’t be any in the meat,” he said. The liver acts as a blood filter that traps foreign chemicals entering the body.

He said the mealworm is not an internal parasite of chickens, but would consume the compound when it eats spilled chicken feed.

“Although mealworms have been implicated in the spread of some diseases or parasites among chickens,” Miller said, “they cause damage primarily when, as larvae, they burrow into and destroy the insulation of chicken houses. The loss of insulation reduces the ability to control the temperature of the houses. This could result in less efficient growth of the birds.”

Figures aren’t available on dollar losses from damaged insulation, but a recent nationwide survey of broiler producers puts the lesser mealworm at the top of the list of problems that poultry farmers want controlled, said Stephen Pretanik, director of science and technology at the National Broiler Council.

Miller said more research on ivermectin is needed before it can be registered with the Food and Drug Administration for use in chicken houses. It is currently approved for use as an injection to control stomach and intestinal roundworms in cattle, swine and horses. It also is used as a once-a-month treatment in dogs to prevent heartworm infections.

“While putting ivermectin into feed would be convenient for farmers,” Miller said, “we plan to test other methods such as baits and sprays to find the most efficient way to dispense the compound.”

Vince Mazzola (301) 344-1712

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YEAST FOUND IN INSECT PEST DETOXIFIES PESTICIDES AND NATURAL TOXINS

WASHINGTON, April 10—A yeast found in the stomach of the cigarette beetle can detoxify farm chemicals and natural toxins, rendering them safe, a team of U.S. Department of Agriculture scientists reported today.

Enzymes in the yeast neutralize insecticides, plant toxins and fungal toxins, said Patrick F. Dowd and Samuel K. Shen, entomologists with USDA’s Agricultural Research Service. If further research pays off, they said, the yeast could help protect the environment and remove toxins from livestock feed.

“Although we’re not yet sure of its full range of detoxifying ability, the implication we see here is for environmental cleanup situations, like toxic waste dumps,” Shen said. “If it can be developed properly, this yeast could be mass-produced to detoxify a wide variety of plant and chemical toxins currently in the environment.”

In lab tests, the researchers found that the yeast, when grown independently of the insect, produced increased levels of detoxifying enzymes when exposed to certain toxins, such as flavone, a toxin from plants. The enzymes work by breaking down or changing the chemical structure of the toxin, usually resulting in total or partial detoxification.

According to Shen, the yeast is a biological alternative to chemicals now used to detoxify many insecticides, herbicides, mycotoxins, plant toxins and other toxic substances.

The beetle—a pest of stored products, including tobacco and spices—provides transportation and safe harbor to the yeast. In turn, the yeast supplies the insect with vitamins and nutrients.

Also, the yeast neutralizes certain toxins, allowing the beetle to feed on a wider range of plant materials. It may even help the beetle build resistance to insecticides, the researchers said. Both work at the ARS Northern Regional Research Center in Peoria, Ill.

“Potentially, you could use this yeast to remove toxins from seed meal for feeding to livestock,” said Shen. He spoke today at the 197th national meeting of the American Chemical Society in Dallas.

Among the compounds that the yeast enzymes acted on were the insecticides parathion and carbaryl; phytic acid, which can make some seed meals unusable for livestock feed; and a precursor of aflatoxin, a fungal toxin suspected of being carcinogenic. The researchers plan to test the yeast against aflatoxin itself, said Dowd.

“We’re hoping this discovery opens the door to possibly discovering new detoxifying species,” he said. “Hundreds of thousands of insects carry microorganisms that could produce enzymes to detoxify a wide variety of chemicals.”

A number of microorganisms are already used to a limited extent to clean water systems and soil. But the yeast, unlike similar microorganisms, could be used for multiple cleanup tasks, Shen said.

The researchers have applied for a patent to use the yeast to neutralize toxins.

“One of the limitations of this discovery is that the yeast is a slow growing microorganism,” Dowd said. “To successfully produce this thing, we need to find a faster-growing strain or a way to genetically transfer its detoxifying ability to a fast-growing yeast.”

He and Shen are working on these aspects along with agency geneticist Nancy J. Alexander, also of the Peoria lab.

Part of the research will shift to studying other insect-microorganism relationships that have similar characteristics. Shen said researchers might be able to remove microorganisms from the insects, thereby reducing the insect’s defenses against some toxins.

Matt Bosisio (309) 685-4011

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USDA ANNOUNCES COMPLIANCE FIGURES FOR 1988 ACREAGE REDUCTION PROGRAM

WASHINGTON, April 10—The U.S. Department of Agriculture today announced that producers on farms which had a total of 84 percent of the crop acreage bases established for wheat, feed grains, upland and extra-long staple (ELS) cotton and rice were in compliance with 1988 production adjustment program requirements.

A total of 53.3 million acres were taken out of production for conservation uses.

Producers complying with the acreage reduction programs agreed to reduce their plantings 27.5 percent for wheat, 20 percent for corn, sorghum and barley, 5 percent for oats, 12.5 percent for upland cotton, 10 percent for ELS cotton and 25 percent for rice.

Feed grain (except oat) producers were offered an optional 10 percent paid land diversion.

The following table is a national summary of the 1988 compliance report.

	Effective Base	Complying Base	Idled Base	Percent Complying
- - - - - (million acres) - - - - -				
Wheat	84.8	72.7	22.5	85.8
Corn	82.9	72.2	20.5	87.1
Sorghum	16.8	13.8	3.9	82.0
Barley	12.5	9.9	2.8	79.1
Oats	7.9	2.4	1.3	30.0
Feed Grains	120.1	98.3	27.5	81.8
Cotton-Upland	14.5	12.9	2.2	89.0
-ELS	0.105	0.011	0.001	10.2
Rice	4.2	3.9	1.1	94.1
Total	223.7	187.8	53.3	84.0

Printed copies of the tables that show by commodity and state the final compliance figures, in total farms, total acreages and percentages can be obtained from the USDA Office of Information, News Division-Room 404-A, Washington, D.C. 20250. Telephone: (202) 447-9120, ask for press release 424-89.

Robert Feist (202) 447-6789

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LOAN GAIN PAYMENTS TO BE OFFERED UNDER 1989 RICE PROGRAM

WASHINGTON, April 10—The U.S. Department of Agriculture today offered eligible rice producers the option of receiving a cash payment equal to the gain which might be realized by repaying a price support loan.

The gain is the difference between the loan rate and the prevailing world market price.

Under prior programs, producers were required to pledge eligible rice as loan collateral and repay the loan to receive any gain.

Under this 1989-crop option, producers may elect to apply for a loan deficiency payment during the loan availability period on a quantity of rice not to exceed their program payment acreage times their program payment yield. Any additional production from a farm may be pledged as collateral for a farm or warehouse-stored price support loan.

The loan deficiency payments will reflect state average milling outturns and quality for separate rice classes, rather than individual lot quality.

Producers will have the option of pledging all eligible rice production as loan collateral and receiving their full marketing loan gain, if any, by repaying their loan at the prevailing world market price.

The special rice loan program, under which green rice was pledged as loan collateral for the purpose of obtaining the marketing loan gain, will not be available under the 1989-crop rice program.

Bruce Merkle, telephone (202) 447-6787.

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USDA, BIOTECH FIRM TO DEVELOP COMPOUND TO GET PIGS TO EAT MORE

WASHINGTON, April 11—The U.S. Department of Agriculture and Codon, a San Francisco biotechnology firm, are developing a compound to make pigs eat more by blocking a hormone that tells them when they've had enough.

“If a commercial product results from the venture and is approved by regulatory agencies, it could mean more quality pork produced at lower cost and in less time,” said animal physiologist Jerome C. Pekas at USDA's Agricultural Research Service.

The agency and Codon have signed a three-year cooperative agreement on the research.

The compound is a vaccine made partly from a fragment of cholecystokinin, a natural appetite-limiting hormone made in the upper intestinal tract of pigs and humans, said Pekas at the Roman L. Hruska U.S. Meat Animal Research Center, Clay Center, Neb.

“When the fragment, CCK-8, is joined to a larger foreign carrier protein, the animal’s immune system recognizes the fragment as a foreign molecule and produces antibodies that block the natural CCK hormone,” Pekas said. He conceived the idea and has been studying it in pigs since 1986.

Test pigs immunized with the CCK-8 vaccine ate an average of 22.5 pounds more feed and gained 11 pounds more weight than pigs in a control group, which received only the carrier protein, he said. Amounts of lean and fat in the carcasses of CCK-8 injected pigs increased in proportion to carcass weight.

Under the agreement, Pekas will do another study using more pigs to confirm his earlier findings. If results are similar, he will evaluate variation of the original vaccine.

Codon will prepare variations of the vaccine to be tested by Pekas in the hope of further improving pig performance, said Fred Gvillo, Codon’s director of business development for animal health care and productivity. Codon hopes to market a vaccine that will help animal producers improve meat quality and at the same time cut production costs.

Toward this goal, Gvillo said, “Pekas has made an important discovery. Until now, scientists have been able to improve efficiency and rate of growth only through nutrition and breeding.” But before a commercial vaccine can be finally readied for sale, the product will need to be approved by regulatory agencies. This could require several years.

To support the experimental work by Pekas and his colleagues, Codon will develop an automated test for measuring antibodies to the CCK-8 vaccine in serum.

This is the second research agreement between ARS and Codon, and Gvillo said he foresees more. Last year, ARS and Codon began work on a vaccine against cattle grubs; these parasites cost livestock producers millions of dollars annually. That agreement came after ARS researchers

in Kerrville, Texas, isolated a grub protein that may be the key to a vaccine for cattle.

Linda Cooke (309) 685-4011

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65,000 VOLUNTEERS HELP GET THE WORK DONE IN NATIONAL FORESTS

WASHINGTON, April 11—This year, National Volunteer Week (April 9-15) is dedicated to calling attention to the contributions of volunteers to the nation's welfare. The U.S. Department of Agriculture's Forest Service has special reason for thanking volunteers for their efforts, says FS Chief F. Dale Robertson.

"We owe our volunteer partners a great deal," Robertson said. "Without their help, many important projects on the 156 national forests across the country would have to be deferred, and some forestry research would have to be delayed. Volunteers have become major contributors to the protection and management of our national forests."

"In 1988, over 65,000 volunteers took part in Forest Service jobs and projects, contributing over 1,900 person-years worth of work valued at 25.5 million dollars."

"In the 15 years since FS volunteer program started, 440,000 volunteers have performed work in the national forests worth more than \$185 million. "This was work that otherwise either would have been financed by the taxpayer or would not have been done," Robertson said.

The program has grown dramatically since its inception in 1973, when 2,200 people offered their services and performed over a half million dollars worth of work.

"But there is much more to be done if we are to keep our forests in good shape and make them readily available to all citizens," said Robertson. "The spectrum of opportunities to serve is almost limitless. People can serve as campground hosts, plant trees, maintain trails, improve fish and wildlife habitat, patrol wilderness, assist scientists, write publications and even keep office records. As a bonus, they gain valuable work experience, learn more about the nation's natural resources and environment and contribute to the common goal of holding down federal costs of resource management."

The program is open to groups and organizations, as well as individuals, on a full-time, part-time, or one-time basis at almost all locations and levels of the agency.

Those wishing to apply as volunteers may do so through their nearest Forest Service offices or to a unit in the area where they want to work. Information on how to become a Forest Service volunteer can be obtained by writing:

Volunteers in the National Forests

Forest Service-USDA

Post Office Box 96090

Washington, D.C. 20090-6090

George Castillo (202) 475-3774

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USDA ANNOUNCES PREVAILING WORLD MARKET RICE PRICES

WASHINGTON, April 11—Acting Under Secretary of Agriculture Willaim C. Bailey today announced the prevailing world market prices of milled rice, loan rate basis, as follows:

- long grain whole kernels, 10.56 cents per pound;
- medium grain whole kernels, 9.85 cents per pound;
- short grain whole kernels, 9.78 cents per pound;
- broken kernels, 5.28 cents per pound.

Minimum loan repayment rates for 1987 crop loans are the higher of the world price or 50 percent of the loan rate. For 1988 crop rice, the minimum repayment rates are the higher of the world price or 60 percent of the loan rate.

Based upon these prevailing world market prices for milled rice, rough rice world prices are estimated to be:

- long grain, \$6.53 per hundredweight;
- medium grain, \$6.17 per hundredweight;
- short grain, \$5.88 per hundredweight.

The prices announced are effective today at 3:00 P.M. EDT. The next scheduled price announcement will be made April 18 at 3:00 P.M. EDT, although prices may be announced sooner if warranted.

Gene Rosera (202) 447-5954

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